

Message Text

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ACTION ARA-14

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TO US DEPT OF AGRICULTURE WASHDC PRIORITY
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USDA FOR OGSM/PL 480; LIMA FOR AG ATTACHE

E.O. 11652: N/A
TAGS: EAID, PE, BL
SUBJ: INTERIM PL480 REPORT, FIELD TRIP BY USDA REP

REF: DELAPLANE/BULLION TELECON, JANUARY 24

FOLLOWING IS REPORTED FOR OGSM INFO RE DELAPLANE TRIP.

1. PPPERU - TITLE I NEGOTIATIONS

A. USDA REP ATTENDED NEGOTIATING SESSION ON THURSDAY MORNING, JANUARY 19. THE APPROVED \$20 MILLION TITLE I LEVEL WAS DISCUSSED INFORMALLY; EMBASSY TEAM PRESENTED 60 PREPS, FOUR ILLUSTRATIVE OIL AND WHEAT COMBINATIONS WITHIN \$20 MILLION MAXIMUM, ACTING ON OGSM ADVICE THAT COMPOSITION OF \$15 MILLION INCREMENT TO AGREEMENT IS FLEXIBLE. GOP HAD NOT REACTED TO POSSIBLE PROGRAM COMBINATIONS BY COB FRIDAY, JANUARY 20.

B. USUAL MARKETING REQUIREMENTS APPEARS TO BE ONLY MAJOR ROADBLOCK TO NEGOTIATIONS. UMR LEVEL WILL ALSO BE PROBLEM
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WITH OIL, WHEN OIL FORMALLY PROPOSED FOR INCLUSION IN AGREEMENT. DURING NEGOTIATING SESSION, PHILOSOPHY OF UMR WAS REVIEWED AND SERIOUSNESS OF PRINCIPALE WAS STRESSED. IT WAS POINTED OUT THAT TITLE I IMPORTS COULD BE MADE AHEAD OF COMMERCIAL PURCHASES. HOWEVER, GOP IS COMMITTED TO MAXIMUM WHEAT IMPORT LEVEL OF 760,000 MT FOR CY 78. GOP REPS DID NOT DIRECTLY CLAIM INABILITY TO FINANCE A 750,000 MT UMR,

BUT DID STRESS HUMANITARIAN NATURE OF PL 480 AND GOP'S CURRENT POLICY OF SUBSIDIZING WHEAT IMPORT COSTS IN ORDER TO FREEZE BREAD PRICES TO CONSUMERS. GOP POSITION IS TO FIT TITLE I PROGRAMMING WITHIN ANNOUNCED IMPORT PLAN OF 760,000 MT WHEAT AND 62,000 MT SOYBEAN OIL. AMEMBASSY LIMA SOON WILL OFFER RECOMMENDATIONS RE USG POSITION ON UMR'S.

2. BOLIVIA

A. TITLE I PROGRAM. UMR IS CONSIDERATION HERE, ALSO, MORE FOR ITS LIMITING SIZE OF POSSIBLE FUTURE TITLE I AGREEMENTS (WHICH WOULD SUPPORT TITLE III FFD PROJECTS), THAN FOR IMMEDIATE EFFECT ON CY 78 AGREEMENT. EMBASSY HAS REQUESTED INFO ON CONSTRUCTION OF UMR LEVEL IN SEPTEL. DELAPLANE HAS REVIEWED WITH EMBOFFS AND WITH MINISTRY OF INDUSTRY, COMMERCE AND TOURISM BASIC TITLE I PURCHASING/REPORTING REQUIREMENTS, AND EMPHASIZED OGSM WILLINGNESS TO HELP GOB IN PURCHASING/SHIPPING. MINISTRY OFFICIALS HERE FAMILIAR WITH PREVIOUS TITLE I AGREEMENTS. EMBASSY HAS 5-YEAR FOOD FOR DEVELOPMENT PROPOSAL UNDER CONSIDERATION.

B. BELLMON AMDNDMENT. STORAGE NOT A PROBLEM. WHEAT STORAGE APPEARS MORE THAN SUFFICIENT IN BOLIVIA, AND IS ADEQUATE IN CHILEAN PORTS ACCORDING TO GOB OFFICIALS AND FLOUR MILLERS' ASSOCIATION. TRANSPORTATION INSIDE BOLIVIA IS ADEQUATE; PRINCIPLE PROBLEM LIES IN TRANSPORTATION FROM PACIFIC PORTS TO BOLIVIA. RAIL AND TRUCK FACILITIES FROM LIMITED OFFICIAL USE

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THE THREE PORTS CAN ACCOMMODATE SOMEWHAT MORE THAN 20,000 MT PER MONTH. THAT RATE OF ADISTRIBUTION IMPLIES THAT AN 80,000 MT AGREEMENT FUNDED FROM FY 78 BUDGET MUST BE SIGNED IN TIME TO PERMIT SHIPMENTS TO BEGIN IN JUNE. JUNE BEGINNING OF TITLE I SHIPMENTS ALSO DESIRABLE FROM GOB STANDPOINT BECAUSE WOULD PROVIDE IMMEDIATE FOLLOW-ON TO CCC CREDIT SHIPMENTS ARRANGED UNDER CURRENT LINE OF CREDIT. CLOSE COORDINATION OF TITLE I PURCHASES AND SHIPPING WILL BE NECESSARY IN ORDER TO ENSURE OPTIMUM PORT AND TRANSPORTATION HANDLING CAPACITY HERE. TITLE I IMPORTS NOT A SUBSTANTIAL DISINCENTIVE TO LOCAL WHEAT PRODUCTION. GOB PRICE SUPPORTS FOR DOMESTIC PRODUCTION ARE ALMOST DOUBLE CURRENT WORLD MARKET PRICES.
BOEKER

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